



*United States Attorney
Southern District of New York*

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CONTACT: U.S. ATTORNEY'S OFFICE
HERBERT HADAD, MEGAN GAFFNEY
PUBLIC INFORMATION OFFICE
(212) 637-2600

**U.S. CHARGES FORMER STANDARD & POOR'S
ANALYST AND TWO OTHERS WITH INSIDER TRADING**

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, announced the unsealing of an Indictment in Manhattan federal court yesterday charging RICK MARANO, a former life insurance analyst and director at Standard & Poor's ("S&P"), WILLIAM MARANO, the brother of RICK MARANO, and CARL LOIZZII, a close family friend, with conspiracy and securities fraud charges. All of the charges stem from the defendants' alleged participation in an insider trading scheme in which RICK MARANO, in his capacity as an S&P analyst and director, obtained inside information about two contemplated acquisitions involving S&P clients and passed that information to WILLIAM MARANO and CARL LOIZZII. The Indictment charges that the defendants traded on the basis of the misappropriated information, earning hundreds of thousands of dollars in illegal profits.

According to the Indictment, RICK MARANO worked from

1997 to August 2001 as a member of the Life Insurance Group of S&P, a Manhattan-based company that, among other things, engages in the business of rating the credit of various companies in the United States and abroad, including companies engaged in or contemplating mergers and acquisitions. The Indictment charges that beginning in April 2000, RICK MARANO agreed to provide material, nonpublic information that he received in his capacity as an S&P analyst to WILLIAM MARANO and CARL LOIZZII.

It is alleged that on April 27, 2000, RICK MARANO learned that one of S&P's clients, ING Groep ("ING"), was meeting with other S&P life insurance analysts to discuss its proposed acquisition of Reliastar Life Insurance Company for approximately \$5 billion. Within an hour after the conclusion of that meeting, according to the Indictment, RICK MARANO telephoned WILLIAM MARANO and CARL LOIZZII and tipped them about ING's pending acquisition of Reliastar. RICK MARANO, WILLIAM MARANO and LOIZZII then each purchased Reliastar securities, including an aggregate of 74 percent of all of the call options purchased in the United States markets on April 27, 2000. When ING's acquisition of Reliastar was announced on May 1, 2000, RICK MARANO, WILLIAM MARANO, and CARL LOIZZII sold all of their Reliastar securities, reaping hundreds of thousands of dollars in illegal profits, according to the Indictment.

The Indictment charges that on April 2, 2001, RICK

MARANO attended a meeting on behalf of S&P in which S&P client American International Group ("AIG") confidentially disclosed its proposed acquisition of American General Corporation, a life insurance company. According to the Indictment, RICK MARANO tipped WILLIAM MARANO and CARL LOIZZI about the proposed acquisition. The following day, WILLIAM MARANO and LOIZZI purchased blocks of American General call options. They sold all of those options immediately after the public announcement of AIG's acquisition on April 4, 2001, and again reaped hundreds of thousands of dollars in illegal profits, as charged in the indictment.

Each defendant is charged with a single count of conspiracy to commit securities fraud. If convicted of the conspiracy count, each defendant faces a maximum penalty of 5 years in prison, and a fine of \$250,000, or twice the gross gain or loss resulting from the offense.

RICK MARANO is charged in the Indictment with one count of securities fraud in connection with his trading on the basis of inside information; WILLIAM MARANO is charged with two such counts; and CARL LOIZZI is charged with five such counts. Each defendant faces a maximum penalty on each count of securities fraud of 10 years in prison and a \$1 million fine, or twice the gross gain or loss resulting from the offense.

In a separate action, the SEC filed civil securities fraud charges yesterday against RICK MARANO, WILLIAM MARANO and LOIZZII in Manhattan federal court.

RICK MARANO, 51, resides in Westfield, New Jersey.

WILLIAM MARANO, 49, lives in Van Nuys, California.

CARL LOIZZII, 51, lives in Van Nuys, California.

The defendants are expected to surrender to the FBI shortly.

Mr. KELLEY praised the efforts of the FBI in the investigation of this case and thanked the SEC for its assistance. Mr. KELLEY also expressed gratitude to The McGraw-Hill Companies, S&P's parent company, for its cooperation in this matter.

Assistant United States Attorney RAY LOHIER is in charge of the prosecution.

The charges contained in the Indictment are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

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